

**Amendments to the Claims:**

This listing of claims will replace all prior versions, and listings, of claims in the application:

**Listing of Claims:**

1. (Currently Amended) A computer-implemented method for determining a preferred set of prices for a plurality of products, the method being implemented as a plurality of program instructions in a computer system, the method comprising:
  - receiving, using the computer system, a plurality of demand coefficients;
  - receiving, using the computer system, cost data including activity-based costs; and
  - generating, using the computer system and using the plurality of demand coefficients and the cost data ~~to determine~~ a preferred set of prices for the plurality of products that will provide a local optimum for the preferred set of prices, and wherein the local optimum for the preferred set of prices maximizes profit.
2. (Currently Amended) The method, as recited in claim 1, further comprising specifying, using the computer system, a plurality of rules, and wherein the ~~determination~~ generation of the preferred set of prices comprises:
  - determining, using the computer system, a set of starting prices; and wherein the ~~determination~~ generation of the local optimum for the preferred set of prices for the plurality of products includes complying with the plurality of rules, further wherein said plurality of rules constrain the preferred set of prices to fall within limits conforming to business strategy.
3. (Currently Amended) The method, as recited in claim 2, wherein the ~~determination~~ generation of the preferred set of prices further comprises:
  - generating, using the computer system, a sales model from the plurality of demand coefficients;
  - generating, using the computer system, a cost model from the cost data, and wherein the activity-based costs include variable costs and fixed costs, further wherein said cost model

determines a total cost for each product in a given demand group in a given store for a given time period by computing a cost for each selected costing activity; and

generating, using the computer system, a profit model from the sales model and the cost model, wherein the ~~local optimum~~ preferred set of prices is a local optimum of the profit model.

4. (Currently Amended) The method, as recited in claim 3, wherein the ~~determination~~ generation of the preferred set of ~~starting~~ prices comprises:

receiving, using the computer system, a set of actual prices;

initializing, using the computer system, a set of incumbent prices to the set of actual prices; and

applying, using the computer system, the set of incumbent prices to the sales model and the cost model in an iterative manner until the local optimum for the set of preferred prices is reached.

5. (Previously Canceled)

6. (Previously Canceled)